

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industrial Promotion – Extension of certain incentives under Industrial Investment Promotion Policy (IIPP) 2005-10 to M/s.SBQ Steels Ltd., Ankalapaturu (V), Chillakur (M), SPSRR Nellore District for their existing project in partial modification of earlier orders issued in G.O.Rt.No.402, Industries & Commerce (IP) Department Dated: 06.07.2007 – Orders- Issued.

INDUSTRIES & COMMERCE (IP) DEPARTMENT

G.O.Ms.No. 62

Dated:06-07-2011

Read the following:-

1. From the Dy. Managing Director of M/s.SBQ Steels Ltd., Ankalapaturu (V), Chillakur (M), SPSRR Nellore District, Letter No. Nil, dated 27.09.2010 & 15.11.2010.
2. G.O. Ms. No. 163 Industries & Commerce (IP) dept. dated 25-06-2007
3. G.O.Rt.No.402, Industries & Commerce (IP) Dept. Dated: 06.07.2007
4. G.O. Ms No. 104 Industries & Commerce (IP) dept. dated 22-04-2008
5. G.O. Ms No. 366, Industries & Commerce (IP) department dated 9.5.2008
6. State Investment Promotion Committee Meeting held on 10.02.2011
7. State Investment Promotion Board Meeting held on 23.02.2011.

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ORDER:-

In the reference 1st read above, the Dy. Managing Director of RKKR group (M/S.SBQ Steels Ltd., Ankalapaturu village, Chillakur mandal, SPSRR Nellore District) informed that they originally planned to set up Greenfield Integrated Steel plant in Nellore District with an investment of Rs. 400 Crores with around Rs.200 Crores in 1st Phase and Rs.200 Crores in 2nd Phase through its fully owned subsidiary M/s SBQ Steels Limited.

2. In the G.O. 2nd read above, Government have issued amendment to the item 57 i.e. Steel ingots/Billet of the in-eligible list in the Annexure-II appended to G.O.Ms.No.178 Industries & Commerce (IP) Department, dated.21.06.2005 making eligible as Green field Integrated Steel Plants i.e. New Integrated Steel plant, which produces Steel Billets, Coils, Strips, Slabs or Alloy Steels through Blast Furnace route starting with iron ore and using the liquid metal produced from the Blast Furnace to make Billets, Coils, Strips, Slabs or other Steel Alloys without using Electric Arc Furnace or Induction Furnace.

3. In the G.O. 3rd read above, the orders issued to extend the following incentives/concessions to M/s. RKKR Steel Limited, Manabolu (Mandal) Nellore District, as the line of activity of the above Unit is eligible in accordance with the orders issued in the reference 2nd read above:

1. To extend the incentives as per Industrial Investment Promotion Policy 2005-2010 to the above unit, provided the unit adopts the blast furnace technology in the first phase itself, without the electric arc furnace.
2. To provide the land after finalization of acquisition by Andhra Pradesh Industrial Infrastructure Corporation at the rate fixed by the concerned authority.
3. A maximum of Rs.1.00 crore would be allowed as per the Industrial Investment Promotion Policy 2005-10 towards the cost of infrastructure estimated by APIIC at Rs.30.80 crores and the rest would have to be borne by the company.

4. Subsequently, Government have issued amendment to the G.O. 2nd read above vide G.O. 4th read above making Greenfield Integrated Steel plants not eligible for power cost reimbursement.

5. The Company commenced commercial production on 2nd September, 2009, by putting coke oven, sinter plant, blast furnace and Steel melting shop with installed capacity of 0.5 Million Tons Per Annum was commissioned in August 2010. So far the Company has invested Rs.1,000 crores, providing employment to 1500 local persons directly and the investment may go upto 1600 crores. The Company has further expansion plans with an additional investment of Rs.5,813 Crores for an additional capacity of 1.25 MTPA and 80MW of Captive Power plant to

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provide further employment of 3000 persons. The company while informing the Government about the enhancement of project cost from Rs.400 Crores to Rs 1600 Crores as envisaged originally and requested for the following incentives/benefits

- a. To extend 50% of VAT reimbursement as being given to other Mega projects by the Government.
- b. Clarification in providing power cost reimbursement of Rs.0.75 per unit in view of the amendment given to IIPP 2005-10 policy.

6. State Investment Promotion Committee (SIPC) have examined the above proposal of the unit and decided to place the matter before the State Investment Promotion Board (SIPB) with certain recommendations.

7. State Investment Promotion Board in its meeting held on 23.02.2011 examined the proposal of the unit in detail and decided to extend the following incentives to the Company:

- a. Not to consider the Company for power cost reimbursement, as being a power intensive industry;
- b. 50% VAT & CST / SGST reimbursement for a period of 5 years from the date of commencement commercial production instead of 25% VAT & CST sanctioned earlier vide 402, Industries & Commerce (IP) Department Dated: 06.07.2007; and
- c. All other incentives as per the Policy.

8. Government after careful examination of the proposal and in partial modifications of the orders issued in G.O.Rt. No. 402, Industries & Commerce (IP) Department Dated: 06.07.2007, hereby extend the following incentives to M/S.SBQ Steels Limited, Ankalapaturu village, Chillakur mandal, SPSRR Nellore District for their existing unit under Industrial Investment Promotion Policy 2005-10 except the reimbursement of power cost as recommended by State Investment Promotion Board:-

- (a) To extend 50% VAT & CST / SGST reimbursement for a period of 5 years from the date of commencement commercial production instead of 25% VAT & CST sanctioned earlier vide G.O.Rt. No. 402, Industries & Commerce (IP) Department Dated: 06.07.2007. The Company shall give preference to local in providing employment in the unit.

- (b) To extend other incentives as per the Policy IIPP 2005-10, which include:

- (i) 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use;
- (ii) 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.;
- (iii) 25% rebate in land cost in Industrial Estates/IDA's limited to Rs.5.00 Lakhs;
- (iv) 50% subsidy on the expenses incurred for quality certification limited to Rs.1.00 lakh;
- (v) 50% subsidy on the expenses incurred for patent registration limited to Rs.5.00 Lakhs; and
- (vi) 25% subsidy on cleaner production measures limited to Rs.5.00 Lakhs.

10. The Commissioner of Industries, Hyderabad shall take necessary action, accordingly and instruct the General Manager, District Industries Centre, SPSR Nellore intimate the status of the progress of work done by the unit from time to time to Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

T.S. APPA RAO,
PRINCIPAL SECRETARY TO GOVERNMENT &
COMMISSIONER FOR INDUSTRIAL PROMOTION

To
The Commissioner of Industries, A.P., Hyderabad.
M/S.SBQ Steels Ltd., Ankalapaturu (V), Chillakur (M), SPSR Nellore District, through the
Commissioner of Industries, AP, Hyderabad.
The Dist. Collector, SPSR Nellore Dist.

Copy to:

The Revenue (CT/Registration) Dept. / The Energy Dept.

Ind. & Com. (INF) Dept./ The Law Dept./Irrigation & CAD(PW.Reforms) Dept.

The Accountant General, AP, Hyd./ The Commr. of C.T., A.P., Hyd.

The VC & MD, APIIC, Hyd./The CMD, APTRANSCO., Hyderabad

The MD, APEPDC Ltd., Hyderabad

The General Manager, District Industries Centre, SPSR Nellore District

P.S. to Secretary to Chief Minister

P.S. to Minister(Major Industries)

P.S. to Chief Secretary to Government

P.S. to Principal Secretary to Government & CIP, Industries & Commerce Dept.

SC/SF

// Forwarded:: By:: Order //

SECTION OFFICER